



**COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS**



February 6, 2003

STAN WISNIEWSKI
DIRECTOR

KERRY GOTTLIEB
CHIEF DEPUTY

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE AMENDMENT TO THE
LIFEGUARD VEHICLE SPONSORSHIP AGREEMENT
WITH NISSAN NORTH AMERICA, INC.
(3RD and 4TH DISTRICTS)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize and instruct the Chair of the Board of Supervisors to sign the attached amendment (Amendment) to extend the current Lifeguard Vehicle Sponsorship Agreement #72052 (Agreement) with Nissan North America, Inc. (Sponsor) for an additional 34 months, by increasing the length of its first extension period from 24 months to 46 months and its second extension period from 24 months to 36 months, resulting in deferral of \$46,326 in costs beyond this Fiscal Year, a one-time only \$57,650 savings due to elimination of one retrofitting cycle, and additional cost savings to the County from the donated use of the vehicles for an additional 2 years, 10 months in the amount of \$714,000 to \$773,500 (depending on whether the fleet is 60 or 65 vehicles), calculated from the lease value of a fleet of similar size. In return, the Sponsor will continue to receive its exclusive advertising rights on beaches owned and operated by the County (Beaches).
2. Grant the Director of the Department of Beaches and Harbors (Director) authority, through this Amendment, to accept up to five (5) additional vehicles from the Sponsor during the remaining term of this Agreement, increasing the total number of sponsored vehicles that could be in service on the Beaches to 65.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board approved the current Agreement with the Sponsor on March 2, 1999, which was for two years with two optional 2-year extension periods. The Agreement requires that, every two years, Nissan will provide the Fire Department's Lifeguard Division (Lifeguards) with 56 new vehicles and the Department of Beaches and Harbors (Department) with 4 new vehicles to help on-duty staff safeguard and maintain the Beaches. In March 2001, the Agreement's first extension period began

and it will expire on March 1, 2003. This first extension will, by this Amendment, be further extended an additional 22 months and result in the continued use of 45 sponsored Nissan Frontier trucks that were originally received in March 2001. However, in Spring 2003 the Sponsor will replace 15 existing Xterras that the County will then use for the remainder of the first extension period. The Sponsor is providing the new Xterras in order to showcase on the Beaches newly redesigned features on this model.

The Lifeguards have requested this Amendment to achieve operational cost-savings. By extending the amount of time the current Nissan vehicles are in service on the Beaches, the Lifeguards are able to defer for 22 months spending \$46,326 in retrofitting costs to switch equipment from the current truck fleet to a new fleet of sponsored vehicles. Additionally, by extending the time vehicles are in use, the frequency of retrofitting costs incurred will be reduced and, thereby, actual costs saved (as opposed to merely deferred). In this regard, one cycle of Lifeguard vehicle retrofitting costs will be eliminated, thus saving the Lifeguards \$57,650 for the Lifeguards' total 56-vehicle fleet.

Finally, there will be additional cost savings to the Department and the Lifeguards from the donated use of the vehicles for an additional 2 years, 10 months in the amount of \$714,000 to \$773,500 (depending on whether the fleet is 60 or 65 vehicles), calculated from the lease value of a fleet of similar size.

Extending the amount of time these vehicles operate on the Beaches will not adversely affect public safety, since they accumulate relatively low mileage and have proven to be very reliable vehicles that have needed few significant repairs. All of the vehicles will remain under the manufacturer's warranty while on the Beaches during the extended periods of County service.

In exchange for the County's extended use of the sponsored vehicles, the Sponsor will continue to receive the advertising and promotional benefits that accrue from its association with the Lifeguards, as well as the ability to be the only vehicle manufacturer that can advertise on the Beaches.

The Amendment will also grant the Director the authority to authorize the use of up to five (5) additional vehicles on the Beaches. This will enable the County to experiment with other Nissan sponsored vehicles, such as full-size trucks, that can help the Lifeguards and the Department to fulfill their respective missions to safeguard and maintain the Beaches.

Implementation of Strategic Plan Goals

The services provided through this Amendment will help to promote several Goals of the County's Strategic Plan. It promotes Service Excellence by ensuring that the Lifeguards and the Department have reliable vehicles that they can continue to use to safeguard and maintain the Beaches. In addition, the County's Fiscal Responsibility is enhanced by the deferment and actual saving of \$57,650 in retrofitting expenses for its sponsored vehicle fleet. Last of all, by increasing the amount of time the vehicles are in County service, the Amendment improves Organizational Effectiveness by eliminating significant amounts of staff time that would otherwise need to be spent every two years renewing this vehicle sponsorship.

FISCAL IMPACT/FINANCING

The Amendment will provide Lifeguards with a total of \$46,326 in cost savings this Fiscal Year by deferring the retrofit schedule for 45 vehicles until January 2005. Moreover, there will be a one-time cost savings of \$57,650 for Lifeguards due to the elimination of one retrofitting cycle for 56 vehicles. Finally, the Department and Lifeguards will save an additional \$714,000 to \$773,500 over the life of the extended agreement, due to the use of between 60 and 65 donated vehicles for an additional 2 years, 10 months, calculated from the lease value of a fleet of similar size.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Other than the extension of the Agreement's two option periods, the ability to increase the number of sponsored vehicles up to 65, and the replacement of 15 Xterras in April 2003, all other provisions of the Agreement, including the County's indemnification and insurance protection, will remain in effect.

County Counsel has approved the Amendment as to form. The Beach Commission approved this Amendment. The Lifeguards have requested this Amendment and are in concurrence with it.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This Amendment will ensure that the Lifeguards and the Department continue to have reliable vehicles to use in carrying out their exemplary public safety and beach maintenance responsibilities for the 55 million annual visitors to our County's beaches.

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CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to forward an approved copy of this Board letter and two executed originals of the Amendment to the Department of Beaches and Harbors.

Respectfully submitted,

A handwritten signature in black ink that reads "Stan Wisniewski". The signature is written in a cursive, flowing style.

Stan Wisniewski
Director

SW:wp

Attachments (1)

c: Chief Administrative Officer
County Counsel
Fire Chief
Auditor-Controller

**AMENDMENT NO. 1 TO AGREEMENT NO. 72052
BY AND BETWEEN THE COUNTY OF LOS ANGELES
AND NISSAN NORTH AMERICA, INC.**

This Amendment No. 1 to Agreement No. 72052 is entered into this ____ day of _____ 2003, by and between the COUNTY OF LOS ANGELES (the "County"), a political subdivision of the State of California, and NISSAN NORTH AMERICA, INC. (the "Sponsor"), a California corporation.

RECITALS

- A. On March 2, 1999, the Sponsor and the County entered into Agreement No. 72052 (the "Agreement") whereby the Sponsor agreed to donate the free use of vehicles to County for its lifeguard and beach operations in exchange for the exclusive right in the category of "Motor Vehicles" (cars/trucks) on Los Angeles County Beaches to advertise, sponsor events and promote itself as the "Official Vehicle Sponsor of Los Angeles County Beaches."
- B. On March 2, 2001, the Sponsor and the County commenced the first renewal of the Agreement for a two-year period ending March 1, 2003, pursuant to the extension of rights provision in Section 6 of the Agreement.
- C. The County desires to amend the Agreement by extending the current renewal period until January 2, 2005. The County desires to further amend the Agreement by also extending the length of the second renewal period from January 2, 2005 until January 1, 2008.
- D. The Sponsor desires to obtain increased advertising and promotional benefits afforded to it through this current first extension of the Agreement and for any additional period of time that may result from exercising the second option to renew.
- E. The extension of this Agreement is advantageous to the County because it will save public funds by reducing the frequency of retrofitting costs incurred by the County when receiving and outfitting a new fleet of sponsored vehicles.

AMENDMENT

NOW, THEREFORE, in consideration of the above, it is hereby agreed by and between the parties as follows:

- 1. The first optional renewal period of Agreement No. 72052 is hereby extended to January 2, 2005.
- 2. Section 6, Term and Extension of Rights, is hereby amended as follows:

The second sentence is deleted and replaced with the following three sentences:

Subject to mutual consent in writing between the Director and Sponsor, this Agreement may be extended on the same terms and conditions as specified in this Agreement for two additional option periods. The first option period commenced on March 2, 2001 and has

been extended by mutual consent between the County and Sponsor until January 2, 2005. The Director and Sponsor may also choose to extend this Agreement for a second option period that will be from January 2, 2005 until January 1, 2008.

3. Section 4., Consideration, is hereby amended as follows:

- a. Subsection 4.A, 2nd paragraph, 3rd sentence, is deleted and replaced as follows:

If Sponsor exercises its first option (commencing March 2, 2001) or second option (commencing January 2, 2005) to extend this Agreement as outlined in Section 6 below, then Sponsor will replace said Vehicles at the commencement of each option period.

- b. Subsection 4.A is added as follows:

Upon mutual written agreement of the Sponsor and Director, the number of Vehicles used by the County under this Agreement at any one time may fluctuate between sixty (60) and sixty-five (65) during the first option period after March 2, 2003 and (if any) during the entire second option period.

- c. Subsection 4.B, 1st and 2nd sentences are deleted and replaced as follows:

The replacement Vehicles shall be delivered within sixty (60) days after the commencement of the first and second option periods, if the Sponsor chooses to extend this Agreement according to the provisions set forth in Section 6 below. In exchange, the County shall deliver to Sponsor, forty-five (45) days after receipt of the replacement Vehicles, to the designated Nissan dealer locations, all Vehicles then currently in use during the first and second option periods, as well as those 15 Xterras used by the County between March 2, 2001 and April 2003, and not purchased by the County.

- d. Subsection 4.B (1) is added as follows:

In April 2003, the Sponsor shall deliver 15 new white Xterra Sport Utility Vehicles. The County will then either return or purchase the 15 white Xterra Sport Utility Vehicles already delivered to County at the commencement of this current first option period (which began on March 2, 2001) in accordance with Section 4.B and Section 5. The 15 new white Xterras in County use starting April 2003 will then at the end of the extended first option period (on January 2, 2005) be either returned to or purchased from the Sponsor by the County in accordance with Section 4.B and Section 5.

- e. Subsection 4.C, the following sentence will be added after the 1st sentence as follows:

The Sponsor will also provide extended warranty protection as necessary to cover the Vehicles for the entire length of the current extension of the first option period.

4. Except as otherwise expressly stated herein, all other terms and conditions of the Agreement shall remain in full force and effect and are hereby reaffirmed by the County and the Sponsor.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to Agreement No. 72052 as of the date first above written.

NISSAN NORTH AMERICA, INC. a California corporation

By _____
Ronald Jensen, Esq.
Senior Manager, Purchasing

COUNTY OF LOS ANGELES

By _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-
Clerk of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy